2:Sanders E-5 (no date) 1949 EE1 Bulgaria EE1

556 181 An intelligent woman once summed up for me the peasant's attitude toward labor and money in this terse fashion:

"Most people work because they want money. Everyone looks for money."

511 181 434 Although the peasant considered money of greater importance than formerly because he was becoming more and more a part of a money economy, he really handled very little in the course of a year. The annual income for a family of four or five was less than two hundred dollars, an amount that came into the family coffer in driblets and was paid out as slowly as possible. After the autumn market or the sale of a cow, the peasant was flush with money, but when he had bought the necessities which he could not produce for himself (kerosene, shoes and other articles of clothing, rice, salt, and some hardware) he was little better off financially. If a member of the family worked outside the home, his wages were a considerable help, especially when some of the many taxes were due.

465 181 I asked nine young men, picked at random, about the money they earned. Their monthly income varied from the meager equivalent of $6 a month earned by a twenty-five-year-old servant and an eighteen-year-old shepherd to $66 earned by a twenty-year-old milkman. There was only one who kept more than half of his earnings for himself. He explained apologetically that the reason he did not turn these over to his father was that he had to pay board and rent in Sofia, where he worked.

●454 181 Very few Dragalevtsy people accumulated savings in the bank. They preferred, like people all over Bulgaria, to invest money in real estate. The city people did it because of the security of investment, whereas the peasants, especially in Dragalevtsy, were more interested in possessing land for its own sake.

426 181 The great majority of the peasants were in debt, though many debtors were also creditors. Those specializing in field crops preferred long-term loans, usually for fifteen or twenty years, with land as security, while sheep owners usually sought short-term loans of three or four months. One village merchant, to whom many peasants came for advice, estimated that 70 per cent of the loans were taken from banks and 30 per cent from individuals. The government had done much in the past through periodic moratoria to reduce the amount of indebtedness. [652]

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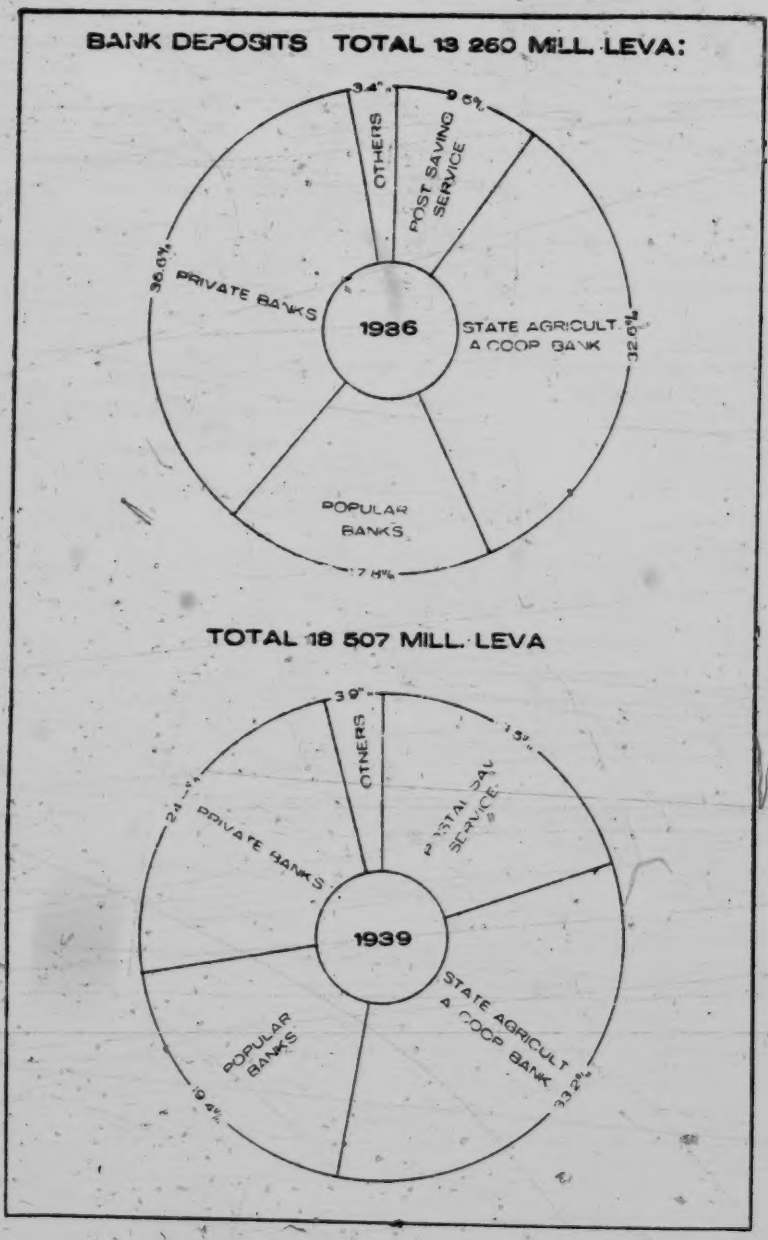

Fig. 27.

by foreign money. The main countries having invested 453
capital in banking institutions in Bulgaria were: Belgium (66·9), France (92·2), Germany (53·4), Italy (53·3), U. S. A. (41·3), Holland (28·2), Hungary (26·8), Czechoslavakia (26·7) and Gt. Britain (24) million leva. Among the principal Bulgarian joint-stock banks are the Banque Bulgare de Commerce and the Union des Banques Bulgares possessing a capital and reserves amounting to 90 and 110 million leva respectively at the end of 1931. With the policy initiated by the government of fusioning the Bulgarian banks, it is probable that one, or both these two institutions will be merged in the newly created banking institution of the Credit Bulgare.

Among the credit establishments enjoying the greatest 454 ●
confidence are the Post Office savings banks, and the rapid growth of their deposits at a time these last were rapidly dwindling at other banks testifies to this.[1] The depositors are mainly women, householders (12.77%), farmers (15%), artizans (13·36%), workmen (7·29%) and functionaries (7·22%), and 37·85% of the depositors have only sums varying between 10 and 500 leva to their credit. This percentage of small deposits represents 4·14% of the total savings entrusted to the banks. If the deposits be divided into two categories, namely 10 to 1000 leva, and 1000 to 10,000 leva, the former belong to 57·43% of the depositors and represent 10·89% of the total sum confided to the savings banks, while the figures for the second category would be respectively 42·57% and 82·11%. The popularity of these banks is due in part to the facilities they extend and to the fact that 555 post offices are authorised to receive deposits and make payments. The savings banks have invested the major parts of their deposits with the Agricultural Bank (1.321,333,545 leva, at the end

[1] These had increased from 173 millions at the end of 1925 to 2006 mlliion leva at the end of 1934 and to 2097 in June 1935.

454 of 1932) and in view of the difficult position the latter finds itself. it would not be an easy matter to find liquid funds to appease a panic should a run on the banks be experienced.

453 The great problem facing the banking institutions in Bulgaria is the providing of cheap long termed credits to the rural population so that it might be able to transform its methods of agricultural production. Until presently, the rates of interest charged to farmers by the Agricultural Bank were 8% to 10% and it is obvious that in the present circumstances it is impossible to expect that capital invested in agriculture would be profitably employed at such rates.

It is an imperative necessity to find means wherewith the rates of interest on advances to the peasants should be reduced to about half this figure, failing which there is little hope of securing an improvement in the economic conditions of the country. This is a matter which of course transcends the limited resources of Bulgaria and it would be well if an international institution took a hand in solving this problem on which hangs the future welfare of the country.

INDUSTRY

433 Bulgaria, like all the Near Eastern States has indulged in a policy of extreme industrialisation which has proved an excessively onerous burden to the community and which with the exception of a few directly interested individuals has brought no benefit whatsoever to the masses. The adoption of this policy is all the more regrettable since it has tended to widen the cleavage between the rural and the urban sections of the population, the former rightly claiming that the increase in the price of industrial articles which this policy involved tended to increase their

of 34.4 at the beginning of 1934, while those of locally manufactured articles had only been reduced to 88.1, and those of imported industrial goods to 81.8, mainly on account of the high protective duties which remained constant owing to the specific tariff in force.

As the above figures are based on wholesale prices, it may be assumed that the peasants had to pay 10% to 15% more for their purchases from retail stores, and that they had to give 2 ½ times as much of their produce as they were accustomed in order to obtain in exchange the manufactured articles they had been used to buy.

The discrepancy between agricultural and manufactured goods has to some extent been reduced since the abrogation of the parliamentary regime, for the military seem to have had a clearer conception of their duties as rulers. This they achieved by drastically curtailing the privileges enjoyed by local manufacturers on the one hand, and by the State intervening as buyer of several agricultural articles, such as wheat, rye, cotton, rice, tobacco etc, and fixing enhanced prices for them. The government attaching less value to the cheapness at which the consuming public might obtain its food than to the maintenance of a level of prices at which the peasants are able to live. This seems to forebode a return to sanity, for level-headed men like Prof. G. P. Ghenov, often laid stress on the necessity of Bulgaria reducing her tariffs if she were not to see foreign markets closed to her produce, and that it was indispensable to buy if she sought to sell. His speech of May 16 1932 in the Sobranye in which he exposed the inanity of subsidising an industrial system which cost one milliard leva annually to the State, was very favourably commented on at the time.

What seems difficult to explain is how the wiseacres of the Financial Committee of the League of Nations should, on the floating of the Stabilisation loan of 1928

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have granted Bulgaria a free hand to raise her tariff, on the pretext that this step would increase the revenues earmarked for the service of this loan, a prognostication which was radically contradicted by subsequent events since the increase of the tariff which followed in 1930, imparted a further impetus to the creation of local industries, reduced imports and diminished very considerably the custom dues raised from them. But the Financial Committee was not so obtuse as it would appear at first sight. Its secret desire was not to strengthen either the position of the bondholders, or that of Bulgaria, but rather to grant increased facilities to certain financial interests for exploiting the Bulgarian consumer through the dominant position these occupy in industial, banking and commercial enterprises, and which position they hitherto managed to exploit to the full owing to the venality and flunkeyism of the politicians, who did not hesitate to sell themselves to these occult influences. According to the bulletin of the National Bank of Bulgaria of Jan. 1935, the total fully paid up capital of industrial limited companies during 1934 was 3,202.4 million leva, of which 1631.3 millions were foreign, so that it is obvious that protection favoured more foreign interests than Bulgarian, and explains why the Financial Committee was so prodigal in extending to Bulgaria the right to increase its tariff. The participation of foreign capital can only be traced in limited companies, and the above mentioned bulletin specified that 325.9 millions of foreign capital were invested in banking establishments, 281.3 in commercial, 11 in transport enterprises, and 30.7 in insurance companies. No particulars are obtainable about the foreign capital in private firms, but it must be as much, if not more, for deputy C. Petkov affirmed in the Sobranye on Feb. 26, 1932, that annually as much as 650 million leva are remitted abroad as interest on foreign capital invested in Bulgaria, and 800 millions as its par-

ticipation in profits. These figures are not likely to be far out since another deputy, M. Dotchev, stated on March 4 1932, that during the financial year 1928/9, over one milliard leva was remitted abroad as dividends and profits of the foreign capital invested in industrial and commercial enterprises in Bulgaria.

Some preliminary statistics have been published as to the state of industry in 1930/1, but most of these figures refer to those workshops which enjoy privileges extended to them by the law fostering industry, and are necessarily incomplete. These establishments numbered 1250, had a capital of 7500 million leva, used 115,000 H. P., employed 36,000 workmen (the total number of workpeople employed in all industries fluctuates round about 75,000) and had an annual output of 6850 million leva of manufactured goods. The principal branches of industry were:

	Number of establishments	Capital in million leva	H. P. employed	workpeople employed	% of local raw materials used
Textile	214	1390·8	19,197	14,641	13·6%
(In 1933:	231	some working with 2 & even 3 shifts		17,976)	
Food & drink . .	172		27,653	4579	
Metallurgical . . .	142	417·3	10,998	4084	14%
Ceramic	110	774	22,604	3382	48%
Chemical	117	397·8	6,707	2031	35%
Leather	52	162·3	4,721	778	18%
Timber	55		2,726	1643	
Paper	4	99·3	2,210	443	38%

There are two other important groups of industries not included in the above table, the tobacco manipulating and cigarette manufacturing in which some 20,000 workpeople are almost permanently employed and the milling industry. In the latter, a capital of 786.[2] million leva is invested. There are 307 flour mills, employing 2579 workpeople and possessing machinery developing 21,637 H. P. This was a thriving industry in the past as deputy